

Kellam, Celestine - BALTO

From: Taylor IV, William - BALTO
Sent: Thursday, February 28, 2002 2:31 PM
To: Kellam, Celestine - BALTO
Subject: FW: CareFirst

-----Original Message-----

From: Taylor IV, William - BALTO
Sent: Thursday, January 10, 2002 6:32 PM
To: 'Robert.Kelly'
Cc: Thomas.Geiser; ghorowitz@stblaw.com
Subject: CareFirst



CareFirst -- Project
Chesapeake...



@SQ_RED.DOC

Here is a clean and marked version of the schedules. The marked copy is a cumulative copy showing recent changes relating to the plans.

Will Taylor
Piper Marbury Rudnick & Wolfe LLP
phone: (410) 580-4270
facsimile: (410) 580-3001
william.taylor@piperrudnick.com

PIPER MARBURY RUDNICK & WOLFE LLP
6225 Smith Avenue
Baltimore, MD 21209-3600
Main Phone 410/580-3000
Fax 410/580-3001

OCC 011207

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

These disclosure schedules are provided in connection with the Agreement and Plan of Merger (the "*Agreement*") dated as of November 20, 2001, by and among WellPoint Health Networks Inc., CareFirst, Inc. and Congress Acquisition Corp. Terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

The representations and warranties of CareFirst, Inc. in the Agreement are made and given subject to the disclosures contained within these disclosure schedules. The mere inclusion of an item in these disclosure schedules as an exception to a representation or warranty shall not be deemed an admission by CareFirst, Inc. that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect.

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Section 4.1 Organization, Qualification and Authorization

Name of Subsidiary	Jurisdiction of Formation	Qualified	Equity Ownership/Control ¹
Group Hospitalization and Medical Services, Inc. (" <i>BCBS-NCA</i> ")	Federal Charter	DC, MD, VA	CareFirst is the sole member
The GHMSI Companies, Inc. (" <i>The GHMSI Companies</i> ")	DC	MD, VA	BCBS-NCA
Capital Area Services Company, Inc.	WVA	DC	The GHMSI Companies
National Capital Insurance Agency, Inc.	VA	DE, DC, MD	The GHMSI Companies
National Capital Administrative Services, Inc.	DC	MD, VA	The GHMSI Companies
Access America, Inc.	DE	DC, MA	BCBS-NCA
CareFirst BlueChoice, Inc. (" <i>CareFirst BlueChoice</i> ")	DC	MD, VA	The GHMSI Companies
CapitalCare, Inc. (" <i>CapitalCare</i> ")	VA	--	BCBS-NCA
CareFirst of Maryland, Inc. (" <i>BCBS-MD</i> ")	MD	--	CareFirst is the sole member
CFS Health Group, Inc. (" <i>CFS Health Group</i> ")	MD	--	BCBS-MD
Free State Health Plan, Inc. (" <i>FSHP</i> ")	MD	DC	CFS Health Group
Patuxent Medical Group, Inc.	MD	--	FSHP
Preferred Health Network of Maryland, Inc. (" <i>PHN</i> ")	MD	DC	FSHP
PHN HMO, Inc.	MD	DC	PHN
PHN Services, Inc.	MD	DC	PHN
PHN PPO, Inc.	MD	--	PHN
Delmarva Health Plan, Inc.	DE	MD	CFS Health Group
Columbia Free State Dental Plan, Inc.	MD	--	FSHP
Potomac Physicians, P.A.	MD	--	See footnote 2
First Care, Inc.	MD	--	CFS Health Group
GreenSpring Mental Health Services, Inc.	MD	--	BCBS-MD

¹ Unless otherwise stated, the designated entity holds all of the outstanding equity interests of the named company.

² Stock is held by physicians affiliated with BCBS-MD or one of its subsidiaries.

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Willse & Associates, Inc. (" <i>Willse</i> ") (d/b/a CareFirst Administrators)	MD	DE, DC, PA, TX, VA	BCBS-MD
HLI, Inc.	MD	--	BCBS-MD
Timonium Office Building Limited Partnership	MD	--	See footnote 3
Three Owings Mills Corporate Center Limited Partnership	MD	--	See footnote 4
Four Owings Mills Corporate Center Limited Partnership	MD	--	See footnote 5
The Michelsen Group, Inc.	NC	--	Willse
BCBSD, Inc. (" <i>BCBSD</i> ")	DE	Cayman Islands	CareFirst is the sole member
The Gateway Group, Ltd.	DE	--	BCBSD
Allnation Insurance Agency, Inc.	DE	PA	BCBSD
Allnation Delaware Insurance Agency, Inc.	DE	--	BCBSD

³ CFS Health Group is the sole general partner and Willse is the sole limited partner.

⁴ BCBS-MD is a limited partner. Three Owings Mills Corporate Center, Inc. is the sole general partner.

⁵ BCBS-MD is a limited partner. Four Owings Mills Corporate Center, Inc. is the sole general partner.

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Section 4.4(a) No Violation: Consents and Approvals

1. Amended and Restated Credit Agreement, dated December 31, 1998, as amended, by and among SunTrust Bank (f/k/a Crestar Bank), Group Hospitalization and Medical Services, Inc., CareFirst of Maryland, Inc. and CFS Health Group, Inc.
2. Patuxent Medical Group, P.A. Employment Agreement, dated March 17, 1986, as amended, by and among Patuxent Medical Group, P.A., a Maryland professional corporation, Columbia Medical Plan, Inc., a Maryland corporation certified under the Maryland Health Maintenance Organization Act and individual medical doctors. This agreement requires notification to the other parties to the contract about the merger transaction, but not their consent.
3. Contract for Federal Employees Health Benefits, as amended, Contract No: CS 1039; Effective: January 1, 1960, between The United States Office of Personnel Management and Blue Cross and Blue Shield Association Service Benefit Plan.
4. Professional Liability Insurance: Professional Liability Program, including Directors and Officers Liability and Employment Practices Liability; Policy Number – D/O 011 190; Insurer – BCS Insurance Co.
5. Workers Compensation Policy: Policy Number – D/O 001 190; Insurer - Twin City Fire Insurance Company.
6. Blue Cross License Agreement, dated December 17, 1997 by and between Blue Cross and Blue Shield Association and The Blue Cross Plan, known as CareFirst, Inc.
7. Blue Cross Controlled Affiliate License Agreement, dated December 17, 1997 by and between Blue Cross and Blue Shield Association and the following Controlled Affiliates: CareFirst of Maryland, Inc., CareFirst BlueChoice, Inc., Free State Health Plan, Inc. and BCBS-NCA.
8. Insurance Commissioner Orders requiring approval of the transaction are as follows:
 - a. State of Delaware, Department of Justice Order, dated March 20, 2000, approving the business combination of CareFirst, Inc. and Blue Cross and Blue Shield of Delaware.
 - b. Maryland Insurance Commissioner Order, dated March 21, 2000, Case Number MLA-183-3/00, approving the business combination of CareFirst, Inc. and Blue Cross and Blue Shield of Delaware.
 - c. Maryland Insurance Commissioner Order, dated December 23, 1997, Case Number MLA-240-12/97, approving the business combination of Blue Cross and Blue Shield of Maryland and Group Hospitalization and Medical Services, Inc.

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- d. Government of the District of Columbia, Department of Insurance and Securities Regulation Decision and Order, dated December 23, 1997, Case Number A-HC-97-01, approving the business combination of Blue Cross and Blue Shield of Maryland and Group Hospitalization and Medical Services, Inc.

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Section 4.5(a) Financial Statements

First, Second and Third Quarters, 2001 Reports (Unaudited)*

CareFirst, Inc. and Affiliates – Consolidated GAAP & Statutory Basis

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP

Delaware

BCBSD, Inc. and Subsidiaries – Consolidated GAAP

* *Includes balance sheet and statements of operations and cash flows.*

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2000 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP & Statutory Basis

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP
CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP
Willse & Associates, Inc. and Subsidiary – Consolidated GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis
Free State Health Plan, Inc. – Statutory Basis
Delmarva Health Plan, Inc. – Statutory Basis
PHN-HMO, Inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP
CareFirst BlueChoice, Inc. – GAAP
National Capital Administration Services, Inc. and Subsidiary – Consolidated GAAP
National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization Medical Services, Inc. and Subsidiaries – Statutory Basis
CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

Delaware

BCBSD, Inc. and Subsidiaries – Consolidated GAAP
BCBSD, Inc. and Subsidiaries – Statutory Basis
Allnation Insurance Company – GAAP
Allnation Insurance Company – Statutory Basis

** Includes balance sheet and statements of operations and cash flows.*

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1999 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP

Patuxent Medical Group, Inc. – GAAP

Willse & Associates, Inc. and Subsidiary – Consolidated GAAP

Potomac Physicians, P.A. – GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis

Free State Health Plan, Inc. – Statutory Basis

Delmarva Health Plan, inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP

CareFirst BlueChoice, Inc. – GAAP

National Capital Administrative Services, Inc. and Subsidiary – Consolidated GAAP

National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Statutory Basis

CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

** Includes balance sheet and statements of operations and cash flows.*

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1998 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP
CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP
Patuxent Medical Group, Inc. – GAAP
Willse & Associates, Inc. – GAAP
Potomac Physicians, P.A. – GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis
Free State Health Plan, Inc. – Statutory Basis
Delmarva Health Plan, Inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc and Subsidiaries Consolidated GAAP
CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – GAAP
National Capital Administrative Services, Inc. and Subsidiary – Consolidated GAAP
National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Statutory Basis
CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

** Includes balance sheet and statements of operations and cash flows.*